TOURISM PROCUREMENT EXEMPTION
Annual Report

Pursuant to:

Section 2 of CH 555 Acts of 1993, as amended by CH 4 of 1994 (HB 832 of 1993)
State Finance and Procurement Article §11-203(a)(1)(xii)

Submitted by:

Maryland Department of Commerce
(Formerly the Maryland Department of Business and Economic Development)

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DIVISION OF TOURISM, FILM AND THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into two (2) cooperative marketing agreements in fiscal year 2015 under Maryland Department of Business & Economic Development (DBED) tourism procurement exemption authority. This authority exempts DBED from some of the requirements of state procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, DBED contributes no more than 50% of total project costs. This has been a great opportunity for the State to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of each project. All cooperative marketing projects under this exemption were reviewed by the Department's Assistant Attorney General and approved by the Secretary of Business and Economic Development or his designee prior to implementation.

<u>Capital Region USA</u>

The Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of and funded primarily by the Maryland Office of Tourism, the Virginia Tourism Corporation and Destination DC, with significant support from the Metropolitan Washington Airports Authority. CRUSA strives to increase awareness and visitation to generate positive economic impact to the region from selected international markets by implementing marketing programs and public/private sector partnerships.

Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, our secondary markets of France, Mexico and Brazil, and the emerging market of China, by combining limited marketing funds from each partner. Investments by each partner funded a fully integrated, professionally managed international marketing campaign in FY15 with a budget of $3.8 million representing a leverage factor of more than 10 to 1. CRUSA generated $1.9 million in cash and in-kind contributions to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

Capital Region USA's marketing efforts are designed to: increase awareness of the destination as a leisure travel destination, and to increase visitor volumes and spending from selected overseas markets.

Increasing Awareness:

- CRUSA's overseas representatives in China, the United Kingdom, Germany, France & Brazil distributed approximately 67,000 print travel guides to travel trade, media and consumers. In addition, there were 5,291 downloads of the e-Guide across all languages.

- CRUSA's websites in eight languages engage visitors with an intuitive design, immersive photography, videos and prominent calls to action. Key website metrics for FY15: PPC and digital media marketing efforts generated 39.9 million impressions and 268,067 clicks to the website, at an average cost per click of $.53, an improvement of 20%. Impressions declined by 13% but clicks increased by 57%, reflecting more efficient campaigns. PPC and digital marketing efforts promoting scenic byways generated 34,970 clicks to scenic byways content on the CRUSA website, a 50% increase from FY 2014.

- Promotions during 2015 highlighted signature events in the region, including the UCI Road World Championships and the historic sail of the French frigate L'Hermione. Promotions were implemented in four key markets. Sweepstakes competitions tied to many of the promotions helped CRUSA to expand its opt-in database by 7,350 consumers.

- CRUSA achieved editorial coverage in print and electronic media outlets with an earned media value of $17.4 million. This represents a 9.5% increase over FY14. CRUSA and its partners hosted 33 group and individual media FAM trips, four more than FY14, supported by $186,847 in in-kind support from travel industry partners across the region and beyond who provided free or reduced rate flights, accommodations, meals, attraction admissions and transportation for our clients.

Increasing Visitation:

- CRUSA partnered with 20 overseas tour operators for joint consumer marketing initiatives in the United Kingdom, Germany, Brazil and France. Campaigns were also initiated with three operators in China. CRUSA's investment of $250,175 was matched by $100,501 from Brand USA and the U.S. Deptartment of Commerce and $658,143 from the operators, resulting in campaigns valued at $1,008,819. Three supplier partners participated in the UK and German campaigns and contributed an additional $13,750 in support. Partner tour operators booked 55,880 room nights in the region during the year, generating an estimated economic impact of $7.8 million.

- In 2014, a record 2.34 million overseas travelers visited the CRUSA, stayed an average of 9 nights and spent a record $1.9 billion on hotels, meals, shopping, attractions and other goods and services across Washington, D.C., Maryland and Virginia. These overseas visitors helped to generate nearly 35,000 jobs throughout the Capital Region.

The Tourism Council of Frederick County

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Tourism Council of Frederick County to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. This study is vitally important for the State and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with Frederick County, the Maryland Office of Tourism, and the research provider, Tourism Economics. The Fiscal Year Tourism Economic

Impact showed that visitors spending increased 6 percent to $16.4 billion, which generated $2.2 billion in state and local tax revenue.